ANNUAL REPORT

OF THE

Prince Edward Island
Land Development Corporation

Year Ending 31 March

1982

CHARLOTTETOWN, PRINCE EDWARD ISLAND

15 July 1982

The Honourable Prowse Chappell
Minister Responsible for the
P.E.I. Land Development Corporation
Charlottetown
Prince Edward Island

Honourable Sir:

In accordance with the Prince Edward Island Land Development Corporation Act, I enclose the report of the Corporation for the fiscal year ended March 31, 1982.

This statement includes the Corporation's audited financial statements for this period.

Respectfully submitted,

FREDERICK G. DOLLAR
Chairman of the Board

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MEMBERS OF THE BOARD OF DIRECTORS

PRINCE EDWARD ISLAND

LAND DEVELOPMENT CORPORATION

MARCH 31, 1982

CHAIRMAN	
Mr. Frederick G. Dollar	Farmer, Winsloe
VICE-CHAIRMAN	
Mr. Leslie Underhay	Farmer, Fortune
SECRETARY/TREASURER	
* Mr. Stanhope Moore	General Manager Land Development Corporation
MEMBERS	
Mr. Alexander Griswold	Dept. of Agriculture & Forestry
Mr William Jay	P.E.I. Lending Authority
Mr. Lloyd Palmer	Dept. of Agriculture & Forestry
Mr. Colbourne Clow	Farmer, Freetown
ADVISORY MEMBER	
* Mr. Robert Aumell	Farm Credit Corporation Moncton, New Brunswick

* Non-voting

THE PRINCE EDWARD ISLAND

LAND DEVELOPMENT CORPORATION

POLICY OBJECTIVE

"TO CONSERVE, DEVELOP AND ASSIST IN IMPROVING THE USE OF LAND IN PRINCE EDWARD ISLAND IN RELATION TO ITS CAPABILITY AND IN ACCORDANCE WITH THE PUBLIC INTEREST, BUT WITH A PRIMARY OBJECTIVE OF CONSOLIDATING GOOD AGRICULTURAL LANDS FOR THE PURPOSE OF INCREASING FARMER AND AGRICULTURAL SECTOR INCOME."

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

PROGRAM OBJECTIVES

The Land Development Corporation acts as land adjustment agent to:

(a) purchase and retain for farm use agricultural land which is offered for sale.

(b) assist developing and establishing farmers who require land by improving this land as necessary and by making this land available on reasonable terms.

(c) improve the pattern of land holdings and land use in certain areas by land consolidation and to bank lands as required.

(d) assist the livestock sector through the establishment and operation of Community Pastures.

(e) to transfer from agricultural use land unsuitable for agricultural purposes, and to act as government purchasing agent for the Forestry, Fish & Wildlife and Tourism, Parks and Conservation sectors.

PROGRAM AREAS

The program areas established in order to carry out these objectives include:

(a) Acquisition of land:
to acquire land by means of:

i) direct cash purchase from farmers desiring to sell their farm properties.

ii) the annuity program whereby farmers over 60 years of age could receive a monthly annuity for five years. The farm owner also has the option for a lifetime lease of his house and one acre of land.

(b) Dispersal of land:
the mechanisms set up for dispersal of land to farmers include:

i) sales — through direct cash, agreements of sale, or mortgage

ii) renewable five year lease arrangements with the option to purchase

iii) transfer of non-agricultural lands to other sectors for management.

REPORT

"The Land Development Corporation was designed as the vehicle to effectively bring about structural changes in agriculture, the most important of which are lands consolidation, farm unit organization and farm improvements. The Corporation can also play a key role in promoting desirable alternative use for rural lands, such as forestry, wildlife and recreation.

This statement which is found in each of the last twelve Annual Reports, bears repeating. It is through programs such as those of the Land Development Corporation that the potential of the land resource may be realized thereby increasing income employment and contribution to the economic development of the Province. The wise and efficient utilization of the land resource is, therefore, one of the keys to the success of the Comprehensive Development Plan.

GENERAL MANAGER'S REPORT

I am pleased to report for the fiscal year ending March 31, 1982, that the Corporation has completed a very active year in buying, leasing, and selling farm land. The financial statement and activity statistics that make up part of this annual report show a substantial increase in activity over the previous years. A total of 108 properties, consisting of 8414 acres of land, were purchased, representing a 12% increase. The cost of these properties amounted to $3,762,850.00 which is 48% more than the amount expended during the preceding 12 months. The increased spending was a reflection of three factors; increased purchases, better and more valuable buildings on the properties acquired, and increased land prices during the first half of the year. The land sales consisted of 4285 acres which were acquired, for the most part, by farmers exercising their option to purchase at the termination of a five year lease. Credit extended to farmers during the year, including Mortgages, Agreements of Sale, capital improvements, and leases amounted to $4,552,386.00. This amount represents a 90% increase in the amount of financing carried out in the previous year.

Although lease rates remained comparatively favourable, increased borrowings pushed the rates from a low of 9.3% to a high of 11.4%. Interest rates on Mortgages and Agreements of Sale were at 14% for the first half and 16.75% during the second half of the year.

In an effort to assist farmers in getting land that has not been used for some time back to a profitable state of production, the Corporation offers assistance to a maximum of $15 per acre for the purchase of agriculture limestone and $6 per acre for plowing. This program assists the farmer in getting his land into a good state of production over a shorter period of time. During the year, 942 acres were improved in this manner.

Capital improvements were carried out on 24 leased properties valued at $286,999.00 for the construction or renovation of farm buildings. Monies extended in this manner become part of the existing lease and is reflected in the option price and annual payments.

The Corporation discontinued purchasing wood land for the Forestry Branch, and by year end, also discontinued to serve as a purchasing agent for the Fish and Wildlife Branch and the Parks Branch. A pilot project was initiated to offer woodland to the private sector. The target group of clients for this project are those who use and are in need of fuelwood. By year end, approximately 4000 acres of woodland had been identified as being available and were offered to applicants under the five year lease program with an option to purchase. As an additional project, the Corporation continued purchasing woodlands which are being offered to the private sector under similar financial arrangements as that offered for the agricultural sector.

For the past several years, the demand for good farm land has exceeded the amount offered to the Corporation. During the last half of this year, this trend appeared to be reversing where once again the Corporation could experience an inventory increase. Current high interest rates and the economic conditions of the economy appear to be the primary reason for this trend. The low prices received for the 1981 potato crop and the prolonged weak prices for red meats is acting as a deterrent to those wishing to begin farming or expand their land base. Continued high interest rates and weak prices are also contributing to increased difficulty in replying loans.

The Community Pasture Program continued to expand with an additional 100 acres completed in the West Prince area.

Only one small area remains to be seeded and fenced during the 1982 season. The average daily gain on cattle on pasture was down slightly over previous years. This was a reflection of the extended dry period during August. There were 3013 cattle on pasture which was up 400 from the previous year. The number of farmers increased to 237 from 182 the previous year. The demand for grazing privileges on the pasture exceeds the capacity. The responsibility for management of the Community Pastures has been transferred to the P.E.I. Dept. of Agriculture and Forestry commencing the 1982 season. I express our appreciation at this time to the many farmers for their cooperation and assistance during the development and starting up periods on the five pastures. Many have given freely of their time to ensure the successful development, operation, and future of the pastures.

We wish to express our appreciation to the two members that retired from the Board during the year: — Mr. Clayton Bulpitt and Mr. Colston Wood. Both members contributed greatly to the Corporation during their term of office.

To conclude this report, I acknowledge the co-operation received from the Chairman of the Board and its Members, the Minister Responsible, Hon. Prowse Chappell, and other provincial and federal departments with which our staff must work.

Respectfully Submitted,

W. S. MOORE, P. Ag.
General Manager

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

STAFF

BETWEEN 1 APRIL 1981 AND 31 MARCH 1982

W. Stanhope Moore	General Manager
Pamela J. Stewart	Secretary to General Manager
Ernest Hudson	Region No. 1 Manager
Frank Duguay	Region No. 2 Manager
Edgar Coffin	Region No. 3 Manager
George Harris	Agriculture Technician
Leola Callaghan	Property Mapping Technician
Thomas E. Wallis*	Administrator
Leonard Keefe	Accountant
Murray Campbell**	Accounting Technician
Janet McMonagle***	Administrative Clerk
Sharon Waite****	Secretary/Receptionist

* Employment terminated January 15, 1982

** Resigned December 9, 1981

*** Resigned December 11, 1981

**** Employment terminated January 15, 1982

AUDITOR'S REPORT

To The Board of Directors
Prince Edward Island Land Development Corporation

I have examined the balance sheet of the Prince Edward Island Land Development Corporation as at March 31, 1982 and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. KAPTEIN, C.A.
Auditor General

Charlottetown,
Prince Edward Island
May 21, 1982

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

BALANCE SHEET

MARCH 31, 1982

(with comparative figures at March 31, 1981)

ASSETS

	1982	1981
CURRENT ASSETS		
Cash	$ 188,362	$ 101,165
Accounts receivable - Trade - Note 3	980,512	709,360
Accrued interest receivable	84,846	22,369
Property - held for resale - Note 10	3,026,876	3,388,997
- leased - Note 2	7,918,259	4,630,244
- A.R.D.A. properties - Note 7	43,449	43,449
Mortgages and agreements of sale - Current portion (Due March 31, 1983)	83,860	72,951
	12,326,164	8,968,535
OTHER ASSETS		
Community Pastures - Livestock - Note 4	1,244	2,092
LONG - TERM ASSETS		
Mortgages receivable	1,195,484	914,716
Agreements of sale receivable	593,403	621,315
	1,788,887	1,536,031
Less: Current portion	83,860	72,951
	1,705,027	1,463,080
Total Assets	$14,032,435	$10,433,707

(Notes 1 to 10 are an integral part of these financial statements)

LIABILITIES

	1982	1981
CURRENT LIABILITIES		
Accounts payable		
— Province of Prince Edward Island	$ 1,232,261	$ 927,080
— General	40,003	81,953
— A.R.D.A. program - Note 7	24,176	23,134
— Accrued taxes	6,653	6,653
Notes payable - Province of Prince Edward Island	4,800,000	1,400,000
Long-term liabilities - current portion (Due March 31, 1983)	70,897	64,125
	6,173,990	2,502,945
LONG-TERM LIABILITIES		
Loans - Province of Prince Edward Island — Note 5	7,907,617	7,971,742
Less: Current portion	70,897	64,125
	7,836,720	7,907,617
Annuities - Note 6	—	1,420
A.R.D.A. deferred profit on acquisition of propertiex - Note 7	21,725	21,725
	7,858,445	7,930,762
Total Liabilities	$14,032,435	$10,433,707

STATEMENT 2

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1982

(with comparative figures for the year ended March 31, 1981)

	1982		1981	
INCOME				
Provincial Appropriation		$ 925,040		$ 724,444
Lease income - Note 2		689,968		430,876
Interest earned		365,812		318,724
Community Pasture fees		97,394		82,098
A.R.D.A Lease income - Note 7		1,041		2,796
Miscellaneous income		38,470		64,834
Profit on sale of property - Note 9		11,621		16,131
Recovery of bad debts		36,007		17,300
		$2,165,353		$1,657,203
EXPENSES				
Administration				
Salaries	$283,915		$269,249	
Office rental	24,502		23,650	
Office supplies and expenses	22,851		20,492	
Travel	17,261		17,795	
General	12,717		13,741	
Board members - fees and expenses	4,648		5,672	
Other rentals	1,452	$ 367,346	2,060	$ 352,659
		1,260,516		794,462
Interest				
Land transfer costs - Note 8		82,170		217,966
Community Pastures				
- development costs	99,754		79,070	
- operating costs - Note 4	98,787	198,541	86,724	165,794
Bad debts		120,093		18,784
Property purchases expenses		86,528		68,502
Property maintenance		44,516		33,545
Annuities		5,643		5,491
		$2,165,353		$1,657,203

(Notes 1 to 10 are an integral part of these financial statements)

PRINCE EDWARD ISLAND LAND DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1982

1. Summary of significant accounting policies:

   (a) Net Income —
   The financial statements of the Corporation do not reflect any net income. Government policy is that the Province of Prince Edward Island will absorb the profits or losses of the Corporation in the year in which they occur.

   (B) Inventory —

   The land and buildings held for resale or lease are valued at cost. It is the policy of the Corporation to recognize inventory purchases or sales at the time the funds are disbursed or received.

2. The majority of the leases are for a period of 5 years with the option to purchase at the end of the lease. The majority of the lessees in the past have exercised this option.

3. Accounts Receivable - Trade consist of the following:

	1982	1981
Agreement of Sale - principal receivable - Due March 31	$ 25,271	$ 18,011
Agreement of Sale interest receivable	67,023	71,662
Mortgages - principal receivable - Due March 31	42,538	28,254
Mortgage interest receivable	99,109	54,320
A.R.D.A. Lease income receivable	1,047	1,875
Community Pastures receivable	14,342	8,221
Lease income receivable	502,675	373,457
Parks Canada	282,822	115,867
Miscellaneous	62,929	96,093
	1,097,756	767,760
Less: Allowance for doubtful accounts	117,244	58,400
	$ 980,512	$709,360

4. The Community Pastures Program utilizes land and buildings which were transferred to the Corporation under the Land Leakage Program in the amount of $385,504. Effective April 1, 1982 this program will be administered by the Department of Agriculture and Forestry.

5. Loans payable - Province of Prince Edward Island, consists of $4,891,000 covered by an agreement between the Province of Prince Edward Island and the Government of Canada. Under this agreement Prince Edward Island land Development Corporation is to make repayment in three installments - the twentieth, twenty-fifth and thirtieth anniversary dates. For the remaining loans payable, repayment is to be made on an annual basis to maturity. There are 35 separate loans with varying interest rates between 6 11/16% and 13 1/4% and maturity dates between 1997 and 2005.

6. The annuities shown on the financial statements represent only the capital portions set up in exchange for property.

7. Title to the A.R.D.A. properties was transferred to the Corporation during the year ended March 31, 1975. This transfer was made at a nil cost to the Corporation, however, the properties were recorded at their original cost under the A.R.D.A. program. Pursuant to the Federal-Provincial Cost Sharing Agreement half of the transfer amount was reflected as payable to the Federal Government and half as deferred profit to be recognized as the A.R.D.A properties were sold. In addition, half of any lease income earned from the properties is also payable to the Federal Government.

8. Accumulated land transfer costs under the Land Leakage Program to March 31, 1982 totalled -

Buildings	$ 151,285
Land	5,218,207
	$5,369,492

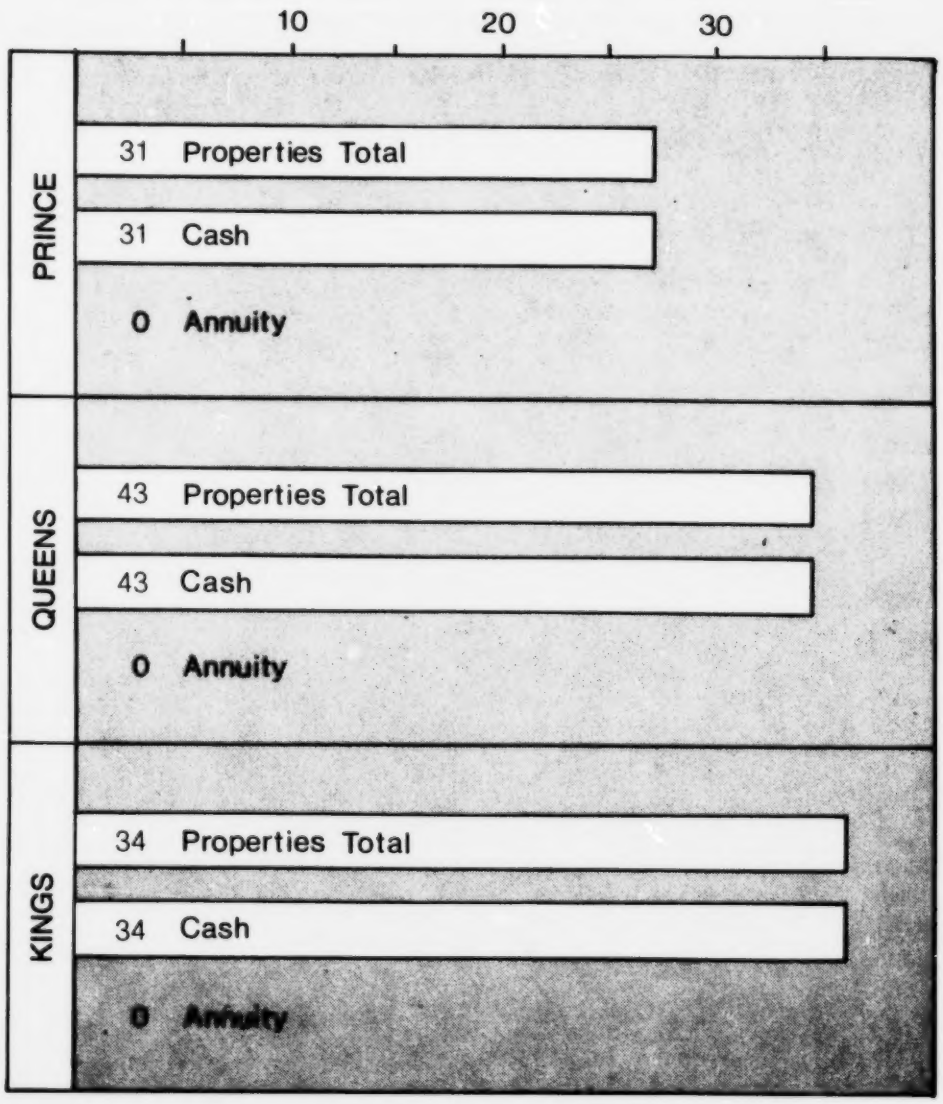
9. Profit on the sale of property for the year ended March 31, 1982 was based on the following:

Sale of property during the year	$1,158,536
Less: Cost of property sold	1,146,915
	11,621

10. Included in land and buildings is property purchased for Parks Canada. The cost of this property was $885,622 and as of this date the transfer has not taken place.

1981 - 1982 SUMMARY OF LDC PURCHASES

Number of Properties (by County)

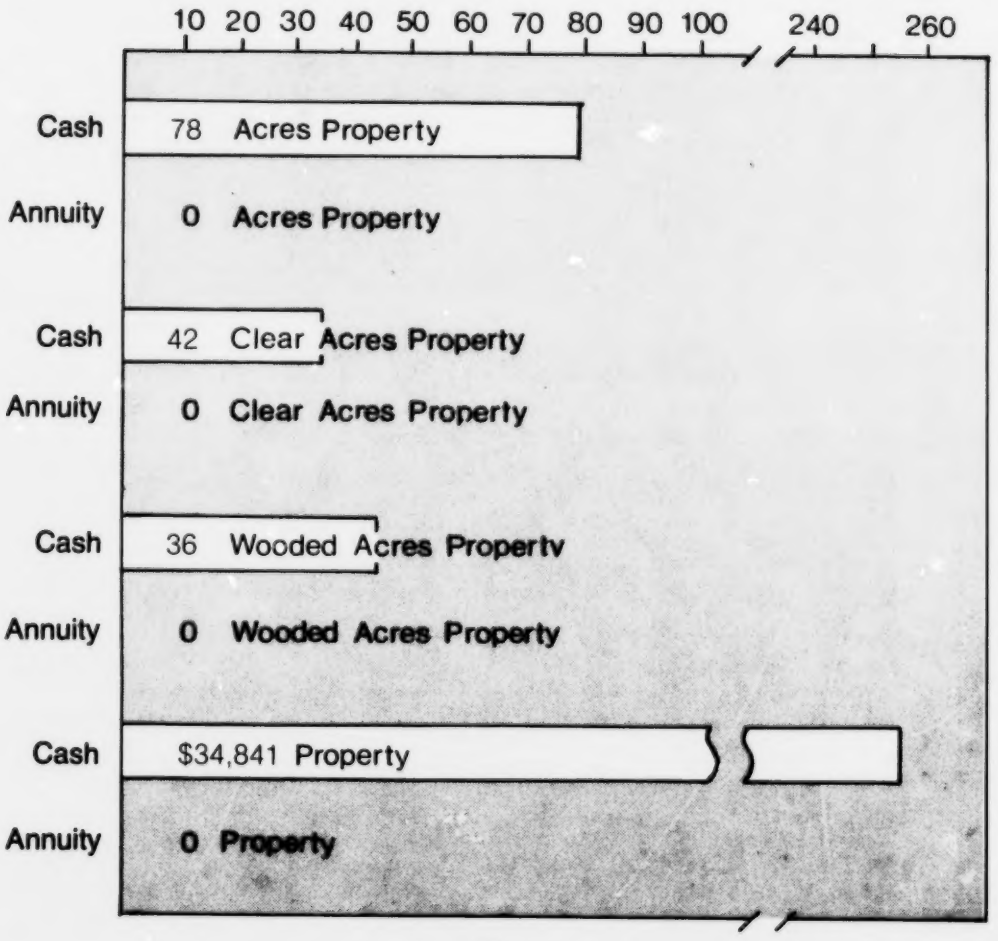


1981 - 1982 SUMMARY OF LDC PURCHASES

(Average Acreage Figures)

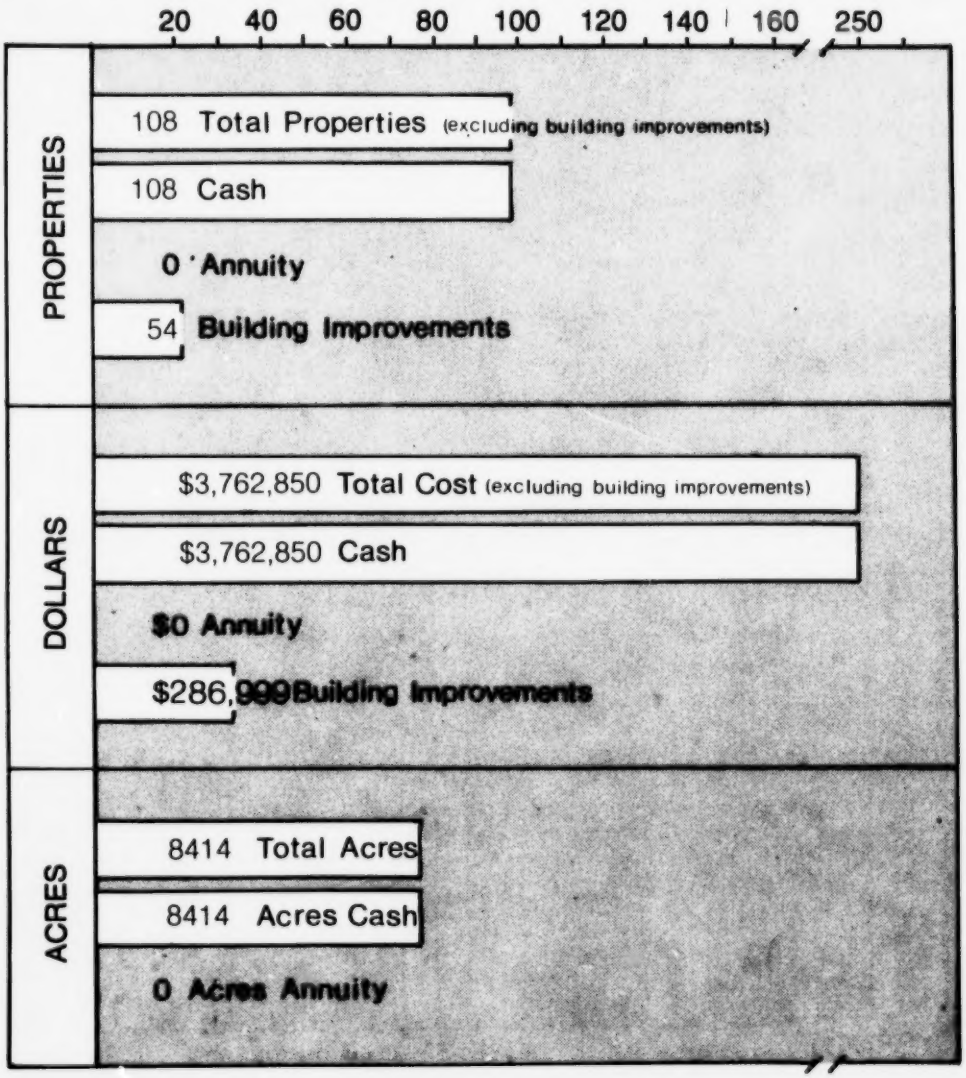
Number of Acres

Dollars per Property (Hundreds)



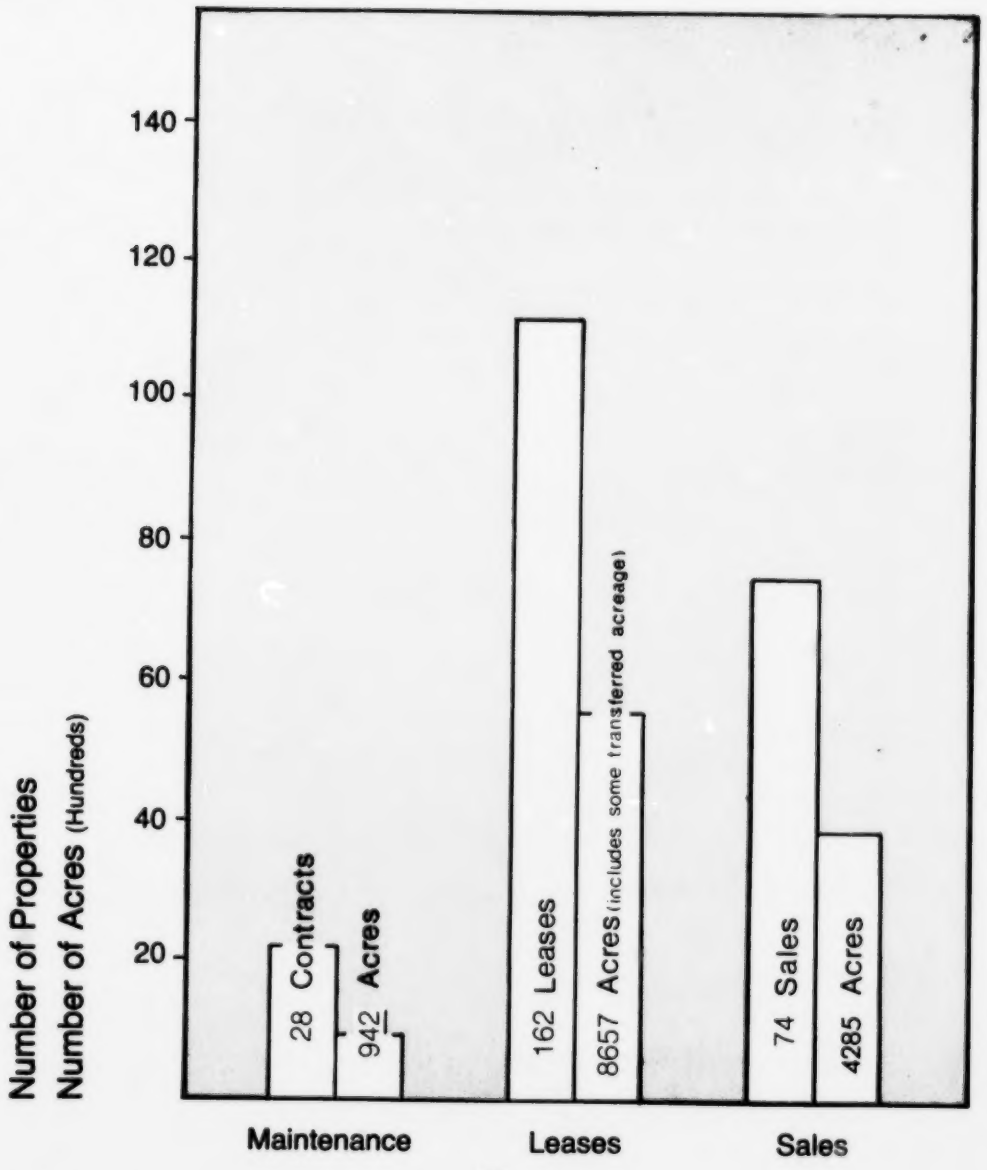
1981 - 1982 SUMMARY OF LDC PURCHASES

Number of Properties
Number of Dollars (Ten Thousands)
Number of Acres (Hundreds)



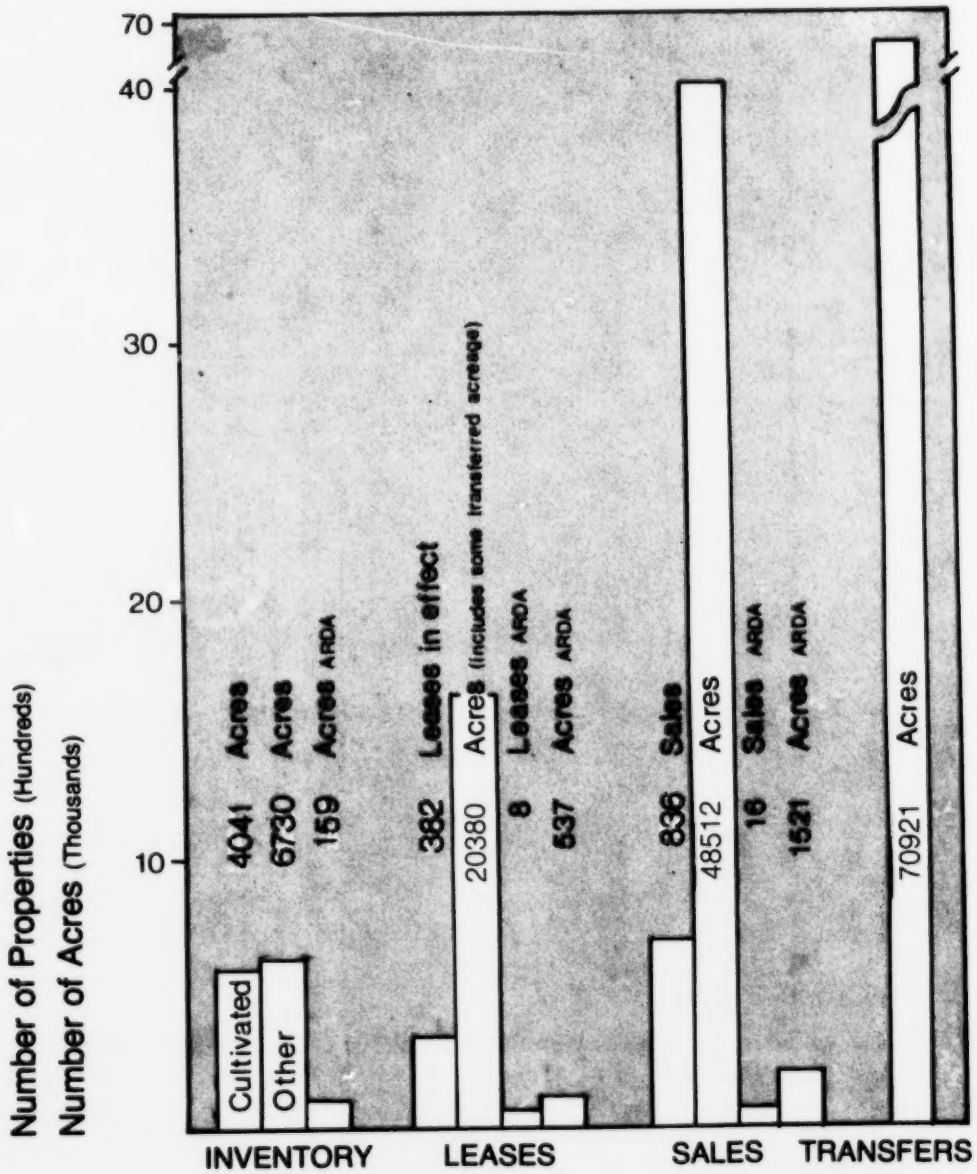
1981 - 1982 SUMMARY USE OF LAND

(Agreements completed 1981 - 1982)



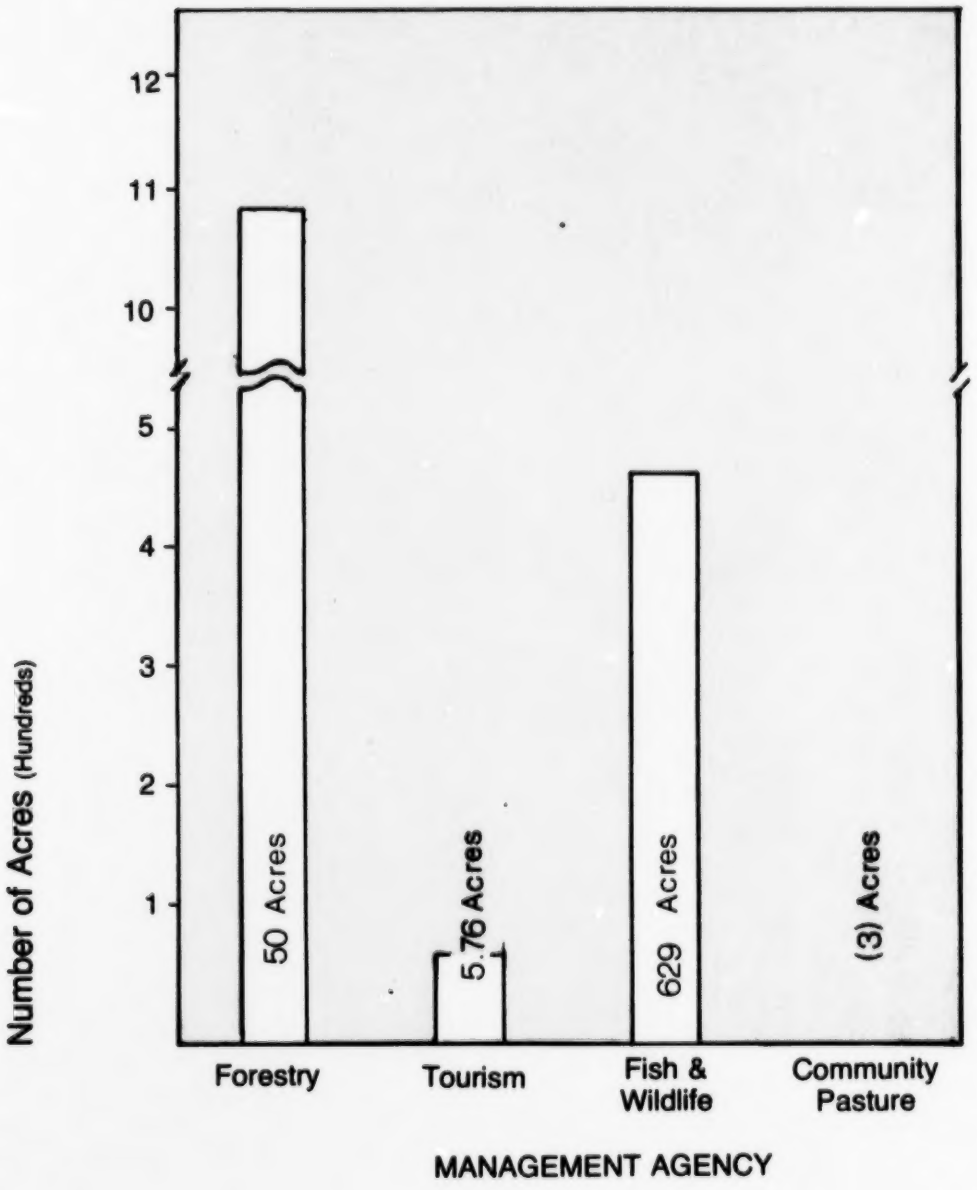
SUMMARY USE OF LANDS

(Cumulative to March 31, 1982)



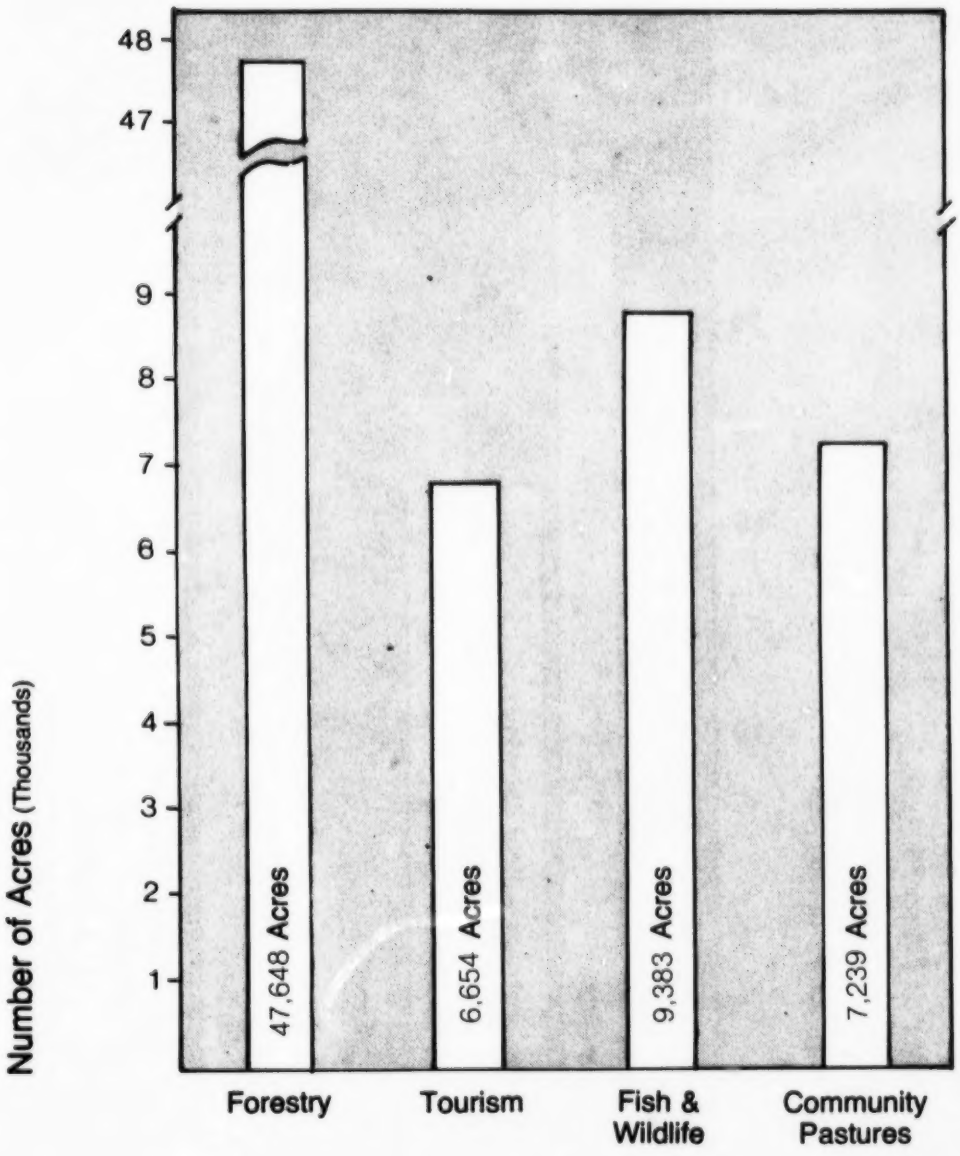
1981 - 1982 TRANSFER OF LANDS

(including adjustment and deleakage)



TRANSFER OF LANDS

(Cumulative to March 31, 1982)



COMMUNITY PASTURE PROGRAM